

109TH CONGRESS
1ST SESSION

H. R. 4234

To provide for the relief, recovery, and expansion of small business concerns affected by Hurricane Katrina through technical assistance, access to capital, and expanded Federal contracting opportunities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 4, 2005

Ms. VELÁZQUEZ introduced the following bill; which was referred to the
Committee on Small Business

A BILL

To provide for the relief, recovery, and expansion of small business concerns affected by Hurricane Katrina through technical assistance, access to capital, and expanded Federal contracting opportunities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Small Business Gulf Coast Revitalization Act of 2005”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

Sec. 1. Short title; table of contents.

Sec. 2. Definitions.

TITLE I—FINANCIAL ASSISTANCE FOR SMALL BUSINESS
CONCERNS AFFECTED BY HURRICANE KATRINA

- Sec. 101. Grants to Hurricane Katrina-affected small businesses.
 Sec. 102. Modifications to section 7(b) disaster loan program for Hurricane Katrina-affected small business concerns.
 Sec. 103. Gulf hurricane 7(b) loan guarantee program.
 Sec. 104. Gulf Region New Markets Venture Capital Company.
 Sec. 105. Increased assistance under PRIME program.
 Sec. 106. Guarantees for bank loans made to Hurricane Katrina-affected small business concerns receiving development company financing.

TITLE II—REQUIRING AND ENSURING SMALL BUSINESS USE IN
LEADING DEVELOPMENT

- Sec. 201. Small business access to Federal prime contracts for hurricane relief and recovery.
 Sec. 202. Preferences for Hurricane Katrina-affected small business concerns.
 Sec. 203. Small business access to subcontracts for hurricane relief and recovery.
 Sec. 204. Extension of certain program participations and certifications.
 Sec. 205. Suspension of certain limitations on contract size.
 Sec. 206. Federal contracts in Hurricane Katrina-affected areas begun prior to August 28, 2005.

TITLE III—ENTREPRENEURIAL ASSISTANCE FOR SMALL
BUSINESSES AFFECTED BY KATRINA

- Sec. 301. Waiver of matching funds requirement for small business development centers and women's business centers located in Hurricane Katrina-affected areas.
 Sec. 302. Authorization of additional funding for assistance for Hurricane Katrina-affected businesses.
 Sec. 303. Small business development center coordination.
 Sec. 304. Gulf Coast Incubator Revitalization Program.

1 SEC. 2. DEFINITIONS.

2 In this Act:

3 (1) The term “Administrator” means the Ad-
4 ministrator of the Small Business Administration.

5 (2) The term “Hurricane Katrina-affected
6 area” means an area in a county or parish in Ala-
7 bama, Louisiana, or Mississippi, that on or after Au-
8 gust 28, 2005, has been designated by the Adminis-

1 trator as a disaster area by reason of Hurricane
2 Katrina.

3 (3) The term “Hurricane Katrina-affected
4 small business concern” means a small business con-
5 cern that, as of August 28, 2005, was located in a
6 Hurricane Katrina-affected area.

7 (4) The term “small business concern” has the
8 same meaning as under section 3 of the Small Busi-
9 ness Act (15 U.S.C. 632).

10 (5) The term “small business concern owned
11 and controlled by women” has the meaning given
12 such term under section 3(n) of such Act (15 U.S.C.
13 632(n)).

14 (6) The term “small business development cen-
15 ter” has the same meaning as under section 21 of
16 the Small Business Act (15 U.S.C. 648).

17 (7) The term “socially and economically dis-
18 advantaged small business concern” has the same
19 meaning given that term under section 8(a)(4) of
20 such Act (15 U.S.C. 637(a)(4)) except that in addi-
21 tion to the requirements of that section, the concern
22 shall be required to be certified by the Administrator
23 or by the head of an appropriate Federal or State
24 entity as a socially and economically disadvantaged
25 small business concern.

1 **TITLE I—FINANCIAL ASSIST-**
2 **ANCE FOR SMALL BUSINESS**
3 **CONCERNS AFFECTED BY**
4 **HURRICANE KATRINA**

5 **SEC. 101. GRANTS TO HURRICANE KATRINA-AFFECTED**
6 **SMALL BUSINESSES.**

7 (a) **AUTHORITY.**—The Administrator may make a
8 grant of up to \$100,000 to an eligible small business con-
9 cern.

10 (b) **ELIGIBLE SMALL BUSINESS CONCERN.**—For
11 purposes of this section, an eligible small business concern
12 is a small business concern that—

13 (1) is a Hurricane Katrina-affected small busi-
14 ness concern; and

15 (2) submits to the Administrator a certification
16 by the owner of such concern of intent to reestablish
17 the concern in a Hurricane Katrina-affected area.

18 (c) **PRIORITY FOR CERTAIN SMALL BUSINESS CON-**
19 **CERNS.**—In making grants under this section, the Admin-
20 istrator shall give priority to an eligible small business
21 concern that the Administrator determines is economically
22 viable but unable to meet short-term financial obligations.

23 (d) **AUTHORIZATION OF APPROPRIATIONS.**—There is
24 authorized to be appropriated for grants under this section
25 \$500,000,000 to remain available until expended.

1 **SEC. 102. MODIFICATIONS TO SECTION 7(b) DISASTER LOAN**
2 **PROGRAM FOR HURRICANE KATRINA-AF-**
3 **FECTED SMALL BUSINESS CONCERNS.**

4 (a) PROGRAM MODIFICATIONS FOR ALL HURRICANE
5 KATRINA-AFFECTED SMALL BUSINESS CONCERNS.—In
6 the case of a Hurricane Katrina-affected small business
7 concern, the Administrator shall apply section 7(b) of the
8 Small Business Act (15 U.S.C. 636(b)) with the following
9 modifications:

10 (1) The Administrator may refinance the exist-
11 ing debt of such a business concern under such sec-
12 tion.

13 (2) The Administrator shall, for a period of 36
14 months, suspend the obligation of such a business
15 concern to make a payment of principal or interest
16 on loan under such section.

17 (b) REDUCTION OF INTEREST RATES FOR SMALL
18 BUSINESS CONCERNS UNABLE TO OBTAIN CREDIT ELSE-
19 WHERE.—In the case of a Hurricane Katrina-affected
20 small business concern that the Administrator finds is not
21 able to obtain credit elsewhere, the annual interest rate
22 on a loan made or guaranteed under such section shall
23 not exceed 3 percent.

24 (c) EXTENSION OF TERMS FOR LOANS TO SMALL
25 BUSINESS CONCERNS ABLE TO OBTAIN CREDIT ELSE-
26 WHERE.—In the case of a Hurricane Katrina-affected

1 small business concern that the Administrator finds is able
2 to obtain credit elsewhere the period for which a loan may
3 be made or guaranteed under such section shall not exceed
4 15 years.

5 **SEC. 103. GULF HURRICANE 7(b) LOAN GUARANTEE PRO-**
6 **GRAM.**

7 (a) **AUTHORITY.**—The Administrator may enter into
8 an agreement with a preferred lender (as described in sec-
9 tion 5(b)(7) of the Small Business Act (15 U.S.C. 634))
10 to participate on a deferred basis in a loan made by the
11 preferred lender to a Hurricane Katrina-affected small
12 business concern under section 7(b) of such Act (15
13 U.S.C. 636(b)) in accordance with this section.

14 (b) **ADMINISTRATION GUARANTEE.**—The Adminis-
15 tration shall guarantee 100 percent of any loan covered
16 by an agreement with a participating lender under sub-
17 section (a).

18 (c) **GUARANTEE FEES.**—With respect to each loan
19 guaranteed under this section (other than a loan that is
20 repayable in one year or less), the Administrator shall pay
21 to the preferred lender a guarantee fee of 2 percent of
22 the deferred participation share of the total loan amount.

23 (d) **ANNUAL FEES.**—With respect to a loan guaran-
24 teed under this section, the Administrator shall pay to the
25 preferred lender an annual fee of 0.5 percent per year of

1 the outstanding balance of the deferred participation share
2 of the loan.

3 (e) CONDITIONS.—A loan under this section shall be
4 made under the following conditions:

5 (1) The borrower shall be made aware that the
6 loan is for a Hurricane Katrina-affected small busi-
7 ness concern; and

8 (2) In the case of a loan made in cooperation
9 with a bank or other lending institution, the lender
10 shall submit to the Administrator documentation es-
11 tablishing that the borrower is a Hurricane Katrina-
12 affected small business concern.

13 (f) SALE OF LOANS ON SECONDARY MARKET.—A
14 loan guaranteed under this section may be sold on the sec-
15 ondary market under the terms and conditions of section
16 5 of the Small Business Act (15 U.S.C. 634).

17 (g) INTEREST RATE REDUCTION.—

18 (1) IN GENERAL.—The Administrator shall re-
19 duce the interest rates of certain loans guaranteed
20 under this section in accordance with this sub-
21 section.

22 (2) CONTRACTS WITH LENDERS.—In carrying
23 out paragraph (1), the Administrator shall enter
24 into a contract with, and make payments to, a pre-
25 ferred lender to reduce during the term of such con-

1 tract the interest rate paid by a Hurricane Katrina-
2 affected small business concern on a loan made by
3 such preferred lender and guaranteed under this sec-
4 tion if the interest rate charged on such loan would
5 otherwise exceed the interest rate charged by the
6 Administrator on loans made under section 7(b) of
7 the Small Business Act (15 U.S.C. 636(b)).

8 (3) PAYMENTS TO LENDERS.—In return for a
9 contract entered into by a preferred lender under
10 paragraph (2), the Administrator shall make pay-
11 ments to the preferred lender in an amount equal to
12 not more than 100 percent of the cost of reducing
13 the annual rate of interest on such loan to a rate
14 equal to the rate of interest charged by the Adminis-
15 trator on loans made under such section, except that
16 such payments may not exceed the cost of reducing
17 such rate by more than 4 percent.

18 (4) DURATION OF CONTRACTS.—The term of a
19 contract entered into under this subsection to reduce
20 the interest rate on a guaranteed loan may not ex-
21 ceed the outstanding term of such loan.

22 (h) REPORT.—Not later than 6 months after the date
23 of enactment of this Act, and every 6 months thereafter
24 until the date that is 18 months after the date of enact-
25 ment of this Act, the Inspector General of the Small Busi-

1 ness Administration shall submit to the Committee on
2 Small Business and Entrepreneurship of the Senate and
3 the Committee on Small Business of the House of Rep-
4 resentatives a report on loans made under this section,
5 including verification that such loans have not been made
6 to business concerns other than Hurricane Katrina-af-
7 fected small business concerns.

8 (i) **TERMINATION.**—The authority to guarantee a
9 new loan under this section shall terminate on the date
10 that is three years after the date of the enactment of this
11 Act.

12 **SEC. 104. GULF REGION NEW MARKETS VENTURE CAPITAL**
13 **COMPANY.**

14 (a) **SOLICITATION OF APPLICATIONS.**—The Adminis-
15 trator shall solicit applications from companies that are
16 eligible to apply to participate in the New Markets Ven-
17 ture Capital Program under section 354 of the Small
18 Business Investment Act of 1958 (15 U.S.C. 689c) and
19 shall select from among the applicants, a company as a
20 new markets venture capital company (as that term is de-
21 fined in section 351(5) of such Act (15 U.S.C. 689(5))
22 to be known as the “Gulf Region New Markets Venture
23 Capital Company”.

1 (b) QUALIFICATION.—The company selected under
2 subsection (a) shall have a primary objective of economic
3 development in Hurricane Katrina-affected areas.

4 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
5 authorized to be appropriated, to remain available until
6 expended, the following sums:

7 (1) Such subsidy budget authority as may be
8 necessary to guarantee, under part B of title III of
9 the Small Business Investment Act of 1958 (15
10 U.S.C. 689 et seq.), \$50,000,000 of debentures
11 issued by the Gulf Region New Markets Venture
12 Capital Company, as established pursuant to this
13 section.

14 (2) \$10,000,000 for grants to the Gulf Region
15 New Markets Venture Capital Company under such
16 part.

17 **SEC. 105. INCREASED ASSISTANCE UNDER PRIME PRO-**
18 **GRAM.**

19 (a) INCREASE IN ASSISTANCE.—The Administrator
20 shall make grants under the microenterprise technical as-
21 sistance and capacity building grant program under sub-
22 title C of title I of the Riegle Community Development
23 and Regulatory Improvement Act of 1994 (15 U.S.C.
24 6901 et seq.) to qualified organizations (as that term is

1 defined in section 175 of such Act) that provide assistance
2 to Hurricane Katrina-affected small business concerns.

3 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated \$5,000,000 to carry out this
5 section.

6 **SEC. 106. GUARANTEES FOR BANK LOANS MADE TO HURRI-**
7 **CANE KATRINA-AFFECTED SMALL BUSINESS**
8 **CONCERNS RECEIVING DEVELOPMENT COM-**
9 **PANY FINANCING.**

10 (a) AUTHORITY.—The Administrator may guarantee
11 a portion not to exceed 75 percent of a loan made by a
12 financial institution to a Hurricane Katrina-affected small
13 business concern that receives financing through a devel-
14 opment company under title V of the Small Business In-
15 vestment Act of 1958 (15 U.S.C. 695 et seq.).

16 (b) TERMS OF GUARANTEE.—A guarantee made
17 under subsection (a) shall be made under the same terms
18 and conditions as a guarantee under section 7(a) of the
19 Small Business Act (15 U.S.C. 636(a)).

20 (c) TERMINATION.—The authority to guarantee a
21 new loan under this section shall terminate on the date
22 that is three years after the date of the enactment of this
23 Act.

1 **TITLE II—REQUIRING AND EN-**
2 **SURING SMALL BUSINESS**
3 **USE IN LEADING DEVELOP-**
4 **MENT**

5 **SEC. 201. SMALL BUSINESS ACCESS TO FEDERAL PRIME**
6 **CONTRACTS FOR HURRICANE RELIEF AND**
7 **RECOVERY.**

8 (a) SMALL BUSINESS CONTRACTING REQUIRE-
9 MENT.—Not less than 30 percent of the total value of all
10 prime contracts awarded by Federal agencies for recovery
11 or reconstruction activities related to Hurricane Katrina
12 shall be awarded to small business concerns that, as of
13 August 28, 2005, were located in the State of Alabama,
14 Mississippi, or Louisiana.

15 (b) RESTRICTED COMPETITION FOR HURRICANE
16 KATRINA-AFFECTED SMALL BUSINESS CONCERNS.—A
17 contracting officer of a Federal agency that awards a con-
18 tract for recovery or reconstruction activities to be carried
19 out in a Hurricane Katrina-affected area may award such
20 contract on the basis of competition restricted to Hurri-
21 cane Katrina-affected small business concerns if the con-
22 tracting officer has a reasonable expectation that two or
23 more Hurricane Katrina-affected small business concerns
24 will submit offers and that the award can be made at a

1 fair and reasonable price that offers best value to the
2 United States.

3 (c) RESTRICTED COMPETITION FOR SOCIALLY AND
4 ECONOMICALLY DISADVANTAGED SMALL BUSINESS CON-
5 CERNS.—A contracting officer of a Federal agency that
6 awards a contract for recovery or reconstruction activities
7 to be carried out in a Hurricane Katrina-affected area
8 may award such contract on the basis of competition re-
9 stricted to socially and economically disadvantaged small
10 business concerns if the contracting officer has a reason-
11 able expectation that two or more socially and economi-
12 cally disadvantaged small business concerns will submit of-
13 fers and that the award can be made at a fair and reason-
14 able price that offers best value to the United States.

15 (d) RESERVATION OF CERTAIN SMALL CONTRACTS
16 FOR SMALL BUSINESS CONCERNS.—

17 (1) RESERVATION.—Notwithstanding section
18 15(j) of the Small Business Act (15 U.S.C. 644(j)),
19 each Federal contract for recovery or reconstruction
20 activities to be carried out in a Hurricane Katrina-
21 affected area that has an anticipated value greater
22 than \$2,500 but not greater than \$1,000,000 shall
23 be reserved exclusively for Hurricane Katrina-af-
24 fected small business concerns unless the contracting
25 officer is unable to obtain offers with respect to such

1 contract from two or more Hurricane Katrina-af-
2 fected small business concerns that are competitive
3 with market prices and with regard to the quality
4 and delivery of the goods or services being pur-
5 chased.

6 (2) CONSIDERATION OF OFFERS.— In carrying
7 out paragraph (1), a Federal contracting officer
8 shall consider a responsive offer timely received from
9 a Hurricane Katrina-affected small business con-
10 cern.

11 (3) NO PRECLUSION OF CERTAIN OTHER CON-
12 TRACT AWARDS.—Nothing in paragraph (1) shall be
13 construed as precluding an award of a contract with
14 a value not greater than \$1,000,000 under the au-
15 thority of—

16 (A) section 8(a) of such Act;

17 (B) section 2323 of title 10, United States
18 Code;

19 (C) section 712 of the Business Oppor-
20 tunity Development Reform Act of 1988 (Public
21 Law 100–656; 15 U.S.C. 644 note); or

22 (D) section 7102 of the Federal Acquisi-
23 tion Streamlining Act of 1994.

24 (e) CONTRACTING PLAN REQUIRED.—The head of
25 each Federal agency that awards a contract for recovery

1 or reconstruction activities to be carried out in a Hurri-
2 cane Katrina-affected area shall develop a contracting
3 plan for such contracts awarded by that agency to maxi-
4 mize prime contracting opportunities for small business
5 concerns.

6 (f) CONTRACTING DATABASE.—If a Federal agency
7 maintains a database of small business concerns for the
8 purpose of entering into contracts for recovery or recon-
9 struction activities to be carried out in Hurricane Katrina-
10 affected areas, the head of that agency shall, not later
11 than 30 days after the date on which a small business
12 concern is registered in the database, with respect to such
13 contracts—

14 (1) notify the small business concern whether or
15 not a contracting opportunity with the agency exists
16 for the provision of goods or services of the kind
17 provided by the small business concern;

18 (2) identify whether or not the small business
19 concern is eligible to bid on a contract for which no-
20 tice has been provided under paragraph (1); and

21 (3) if such a contracting opportunity exists,
22 provide the small business concern with information
23 about such opportunity.

1 **SEC. 202. PREFERENCES FOR HURRICANE KATRINA-AF-**
2 **FFECTED SMALL BUSINESS CONCERNS.**

3 (a) PREFERENCE FOR HURRICANE KATRINA-AF-
4 FECTED SMALL BUSINESS CONCERNS.—For any Federal
5 contract awarded for recovery or reconstruction activities
6 to be carried out in a Hurricane Katrina-affected area,
7 the Federal agency awarding the contract shall use—

8 (1) in the case of contracts for activities other
9 than construction activities, a price evaluation pref-
10 erence not in excess of 10 percent when evaluating
11 an offer received from a Hurricane Katrina-affected
12 small business concern; and

13 (2) in the case of contracts for construction ac-
14 tivities, a price evaluation preference not in excess of
15 5 percent when evaluating an offer received from
16 such a small business concern.

17 (b) PREFERENCE FOR EXPERIENCED HURRICANE
18 KATRINA-AFFECTED SMALL BUSINESS CONCERNS.—In
19 the evaluation of any offer received for a Federal contract
20 for recovery or reconstruction activities to be carried out
21 in a Hurricane Katrina-affected area, the Federal agency
22 evaluating the offers shall give a preference to Hurricane
23 Katrina-affected small business concerns that have experi-
24 ence with the Federal agency as a prime contractor or a
25 subcontractor under a prime contract with the agency.

1 **SEC. 203. SMALL BUSINESS ACCESS TO SUBCONTRACTS**
2 **FOR HURRICANE RELIEF AND RECOVERY.**

3 (a) SMALL BUSINESS SUBCONTRACTING REQUIRE-
4 MENT.—

5 (1) REQUIREMENT.—As a condition of entering
6 into a Federal prime contract for recovery or recon-
7 struction activities related to Hurricane Katrina, a
8 large business contractor shall agree to award sub-
9 contracts, the aggregate value of which shall not be
10 less than 30 percent of the value of the contract, to
11 small business concerns that, as of August 28, 2005,
12 were located in the State of Alabama, Mississippi, or
13 Louisiana. Upon completion of each contract under
14 the preceding sentence, the Administrator shall de-
15 termine whether or not the contractor complied with
16 the small business award requirement. The deter-
17 mination of the Administrator shall be final.

18 (2) FINES FOR NONCOMPLIANCE.—

19 (A) FINES.—If a contractor fails to comply
20 with the requirement under paragraph (1), the
21 contractor shall pay to the Administrator a fine
22 in an amount not less than 1 percent of the
23 value of the contract. The Administrator shall
24 enforce payment under the preceding sentence.

25 (B) DEPOSIT OF AMOUNTS.—The Adminis-
26 trator shall deposit any amounts collected under

1 subsection (A) into the Contract Assistance
2 Technical Fund, established under paragraph
3 (3).

4 (3) CONTRACT ASSISTANCE TECHNICAL
5 FUND.—

6 (A) ESTABLISHMENT.—The Administrator
7 shall establish in the Small Business Adminis-
8 tration an account to be known as the “Con-
9 tract Assistance Technical Fund”.

10 (B) USE OF FUNDS.—Amounts deposited
11 in the account established under subparagraph
12 (A) shall be available to the Administrator to
13 provide technical assistance and contracting as-
14 sistance to Hurricane Katrina-affected small
15 business concerns.

16 (b) REVIEW OF CERTAIN CONTRACT AWARDS.—

17 (1) REVIEW REQUIRED.—Not later than 60
18 days after the date of the enactment of this Act, the
19 head of each Federal agency that enters into a con-
20 tract for recovery or reconstruction activities to be
21 carried out in a Hurricane Katrina-affected area
22 with a business concern other than a small business
23 concern using procedures other than competitive
24 procedures shall conduct an review of any such con-
25 tracts entered into by the agency.

1 (2) MATTERS FOR REVIEW.—In carrying out
2 the review under paragraph (1), the head of the
3 agency shall identify—

4 (A) the total dollar value of all sub-
5 contracts of any such contracts awarded to
6 small business concerns, small business con-
7 cerns owned and controlled by women, and so-
8 cially and economically disadvantaged small
9 business concerns; and

10 (B) any contract awarded to a business
11 concern other than a small business concern
12 that could have been awarded to a small busi-
13 ness concern.

14 (3) REPORTS.—Not later than 90 days after
15 completion of each review under paragraph (1), the
16 head of the Federal agency involved shall submit a
17 report of the review to the Committee on Small
18 Business of the House of Representatives and the
19 Committee on Small Business and Entrepreneurship
20 of the Senate.

21 (c) PROCEDURES FOR PAYMENT OF SMALL BUSI-
22 NESS SUBCONTRACTORS.—

23 (1) IMPLEMENTATION OF PROCEDURES.—As a
24 condition of entering into a Federal contract for re-
25 covery or reconstruction activities to be carried out

1 in a Hurricane Katrina-affected area, a prime con-
2 tractor that is not a small business concern shall im-
3 plement a procedure for paying a subcontractor that
4 is a Hurricane Katrina-affected small business con-
5 cern during the 7-day period beginning on the date
6 on which the prime contractor receives an invoice
7 from the subcontractor.

8 (2) APPLICABILITY.—With respect to a Federal
9 contract for recovery or reconstruction activities to
10 be carried out in a Hurricane Katrina-affected area
11 entered into before the date of the enactment of this
12 Act, the condition under paragraph (1) shall apply
13 beginning on the date that is 30 days after the date
14 of the enactment of this Act.

15 **SEC. 204. EXTENSION OF CERTAIN PROGRAM PARTICIPA-**
16 **TIONS AND CERTIFICATIONS.**

17 (a) 8(a) AND HUBZONE PROGRAM PARTICIPA-
18 TION.—In the case of a Hurricane Katrina-affected small
19 business concern that, as of August 28, 2005, was partici-
20 pating in the program under section 8(a) of the Small
21 Business Act (15 U.S.C. 637(a)) or the HUBZone pro-
22 gram under section 31 of such Act (15 U.S.C. 657a), the
23 Administrator shall provide for the participation of such
24 concern in such program until the date that is one year

1 after the date on which such participation would otherwise
2 terminate.

3 (b) SOCIAL AND ECONOMIC DISADVANTAGE CERTIFI-
4 CATION.—In the case of a Hurricane Katrina-affected
5 small business concern that, as of August 28, 2005, was
6 certified by the Administrator as a socially and economi-
7 cally disadvantaged small business concern, the Adminis-
8 trator shall provide for the certification of such concern
9 as a socially and economically disadvantaged small busi-
10 ness concern until the date that is one year after the date
11 on which such certification would otherwise terminate.

12 **SEC. 205. SUSPENSION OF CERTAIN LIMITATIONS ON CON-**
13 **TRACT SIZE.**

14 In the case of a Hurricane Katrina-affected small
15 business concern that, as of August 28, 2005, was partici-
16 pating in the program under section 8(a) of the Small
17 Business Act (15 U.S.C. 637(a)), the Administrator shall
18 waive the limitation under section 8(a)(1)(D)(i)(II) with
19 respect to any Federal contract for recovery or reconstruc-
20 tion activities to be carried out in a Hurricane Katrina-
21 affected area.

1 **SEC. 206. FEDERAL CONTRACTS IN HURRICANE KATRINA-**
2 **AFFECTED AREAS BEGUN PRIOR TO AUGUST**
3 **28, 2005.**

4 (a) **ADDITIONAL AMOUNTS FOR CERTAIN SMALL**
5 **BUSINESS CONCERNS.**—In the case of a small business
6 concern that incurred any destruction or damage by rea-
7 son of Hurricane Katrina that is directly related to the
8 fulfillment of a Federal contract that was awarded before
9 August 28, 2005, to provide goods or services in a Gulf-
10 hurricane affected area the head of the Federal agency
11 that entered into such contract shall pay such small busi-
12 ness concern, in addition to the amount specified in the
13 contract, such amounts as are required to pay for the
14 damage or destruction.

15 (b) **AUTHORIZATION OF APPROPRIATIONS.**—There is
16 authorized to be appropriated \$50,000,000 to carry out
17 subsection (a).

1 **TITLE III—ENTREPRENEURIAL**
2 **ASSISTANCE FOR SMALL**
3 **BUSINESSES AFFECTED BY**
4 **KATRINA**

5 **SEC. 301. WAIVER OF MATCHING FUNDS REQUIREMENT**
6 **FOR SMALL BUSINESS DEVELOPMENT CEN-**
7 **TERS AND WOMEN'S BUSINESS CENTERS LO-**
8 **CATED IN HURRICANE KATRINA-AFFECTED**
9 **AREAS.**

10 Small business development centers under section 21
11 of the Small Business Act (15 U.S.C. 648) and Women's
12 Business Centers under section 29 of that Act (15 U.S.C.
13 656) that are located in a Hurricane Katrina-affected
14 area, shall not be required to obtain matching non-Federal
15 funds in accordance with in section 21(a)(4) of that Act
16 (15 U.S.C. 648(a)(4)) or section 29(l)(4) of that Act (15
17 U.S.C. 656(l)(4)), respectively.

18 **SEC. 302. AUTHORIZATION OF ADDITIONAL FUNDING FOR**
19 **ASSISTANCE FOR HURRICANE KATRINA-AF-**
20 **FECTED BUSINESSES.**

21 (a) COUNSELORS.—Small business development cen-
22 ters, under section 21 of the Small Business Act (15
23 U.S.C. 648), throughout the United States are authorized
24 to send counselors to centers located in a Hurricane
25 Katrina-affected area. Salaries, travel expenses and lodg-

1 ing for such counselors shall be paid out of amounts au-
2 thorized under this section. The Administrator of the
3 Small Business Administration shall not prohibit centers
4 that have willing counselors from sending those counselors
5 to a Hurricane Katrina-affected area to provide services
6 to centers in a Hurricane Katrina-affected area.

7 (b) CERTAIN REIMBURSEMENTS.—Small business
8 development centers that send counselors to a Hurricane
9 Katrina-affected area may apply for reimbursement of
10 costs related to temporary replacement of such counselors
11 under the amounts authorized under this section.

12 (c) PROGRAM GRANTS FOR RECOVERY ASSIST-
13 ANCE.—Grants of not more than \$500,000 shall be avail-
14 able for small business development centers, the Service
15 Corps for Retired Executives, and Women’s Business Cen-
16 ters in Hurricane Katrina-affected areas to establish sup-
17 plementary programs that will do at least one of the fol-
18 lowing:

19 (1) Provide assistance to Hurricane Katrina-af-
20 fected small business concerns in completing disaster
21 loan paperwork and dealing with private financing
22 issues for their businesses. The Administrator of the
23 Small Business Administration shall work with
24 grantees to ensure that loans are processed in a
25 timely manner.

1 (2) Assist Hurricane Katrina-affected small
2 business concerns in Hurricane Katrina-affected
3 areas to obtain Federal contracting opportunities, as
4 outlined in section 303, and assist local small busi-
5 nesses to identify and hire employees.

6 (3) Assist Hurricane Katrina-affected small
7 business concerns in identifying and hiring potential
8 employees. The grantee shall work to help and iden-
9 tify displaced workers to find employment with small
10 business concerns.

11 (d) ENTREPRENEURIAL SERVICE CENTERS.—Small
12 Business Administration Entrepreneurial Assistance Cen-
13 ters that are located in Hurricane Katrina-affected areas,
14 including grantees in Women’s Business Center and small
15 business development center programs, as well as SCORE
16 Centers authorized by section 8(b)(1) of the Small Busi-
17 ness Act (15 U.S.C. 637 (b)(1)), shall be eligible to apply
18 for grants up to \$250,000 for purpose of dealing with in-
19 creased demand for services.

20 (e) AUTHORIZATION OF APPROPRIATIONS.—There
21 are authorized to be appropriated \$10,000,000 to carry
22 out this section.

1 **SEC. 303. SMALL BUSINESS DEVELOPMENT CENTER CO-**
2 **ORDINATION.**

3 (a) CONTRACT AWARD NOTIFICATION.—The head of
4 each Federal agency that awards a contract for recovery
5 or reconstruction activities to be carried out in a Hurri-
6 cane Katrina-affected area shall provide, not later than
7 30 days before the award of such contract, information
8 about such contract to the director of each small business
9 development center located in the area for which the goods
10 or services are to be provided under the contract.

11 (b) COORDINATION OF OPPORTUNITIES.—Upon re-
12 ceipt of the information about a contract provided under
13 paragraph (1), the director of a small business develop-
14 ment center shall—

15 (1) make a reasonable effort to identify a small
16 business concern located in the area served by the
17 small business development center to perform the
18 contract; and

19 (2) upon such identification, notify the head of
20 the Federal agency awarding the contract of such
21 identification.

22 (c) PROVISION OF DATABASE ASSISTANCE.—The di-
23 rector of a small business development center located in
24 a Hurricane Katrina-affected area shall provide assistance
25 for small business concerns located in the area served by
26 that small business development center in registering in

1 any database maintained by a Federal agency or by a
2 prime contractor for the purpose of entering into contracts
3 for recovery or reconstruction activities to be carried out
4 in Hurricane Katrina-affected areas.

5 **SEC. 304. GULF COAST INCUBATOR REVITALIZATION PRO-**
6 **GRAM.**

7 (a) PURPOSE.—It is the purpose of the Gulf Coast
8 Incubator Revitalization Program—

9 (1) to promote economic development in Hurri-
10 cane Katrina-affected areas, particularly focussing
11 on the creation of wealth and job opportunity in low-
12 income demographic areas;

13 (2) to develop a business incubation program
14 with the mission of providing focused assistance to
15 aid in the development of small businesses for those
16 areas that were devastated by the effects of Hurri-
17 cane Katrina;

18 (3) to make grants to economic development or-
19 ganizations and other entities in Hurricane Katrina-
20 affected areas, for the purpose of providing business
21 incubation services to small businesses; and

22 (4) to revitalize and reuse industrial sites for
23 economic growth.

24 (b) GRANT PROGRAM.—

1 (1) IN GENERAL.—In accordance with this sub-
2 section, the Administrator may make a 5-year grant
3 to each of 10 eligible organizations to establish and
4 operate a small business incubator program in Hur-
5 ricane Katrina-affected areas.

6 (2) APPLICATIONS.—To be eligible to receive a
7 grant under this subsection, an eligible organization
8 shall submit an application to the Administrator at
9 such time and in such form and manner as the Ad-
10 ministrator may require. Each such application shall
11 include the grantee’s plan for establishing and oper-
12 ating a small business incubator program.

13 (3) SELECTION OF GRANTEES.—In selecting
14 the 10 grantees under this subsection, the Adminis-
15 trator shall evaluate and rank applicants in accord-
16 ance with predetermined selection criteria that will
17 be stated in terms of relevant importance of such
18 criteria. The relative importance of the criteria shall
19 be made publicly available and stated in each solici-
20 tation for applicants made by the Administrator.
21 The criteria shall include the following:

22 (A) The experience of the applicant in con-
23 ducting business development.

24 (B) The experience of the applicant in
25 technology and manufacturing.

1 (C) The extent to which the incubator will
2 assist in the development of low-income, women,
3 or minority business, or the revitalization of a
4 Hurricane Katrina-affected area.

5 (D) The extent to which the proposed site
6 is in an area of high unemployment and will re-
7 sult in the reuse of a previously used industrial
8 site.

9 (E) The extent to which the applicant has
10 a management team in place with experience in
11 running a business incubator or relevant busi-
12 ness development experience.

13 (F) The extent to which the applicant's
14 plan will result in the economic development of
15 low-income communities or high-unemployment
16 areas and economic revitalization of devastated
17 areas.

18 (G) The ability of the applicant to success-
19 fully establish and operate a small business in-
20 cubator program.

21 (H) The ability of the applicant to enter
22 into cooperative agreements with lending insti-
23 tutions to provide a streamlined process for
24 business concerns utilizing the small business

1 incubator program to obtain financial assist-
2 ance, including loans under subsection (c).

3 (I) The extent to which the applicant's
4 plan for establishing and operating a small
5 business incubator program will do the fol-
6 lowing:

7 (i) Enhance small business develop-
8 ment.

9 (ii) Meet the needs and goals of the
10 community in which the incubator is to be
11 located.

12 (iii) Serve as a catalyst for further de-
13 velopment.

14 (iv) Involve the rehabilitation of a
15 warehouse, factory, or building which has
16 fallen into disrepair.

17 (v) Assist in redeveloping a disadvan-
18 taged area.

19 (vi) Target minority and women en-
20 trepreneurs.

21 (vii) Focus on the development of
22 manufacturing and technology.

23 (viii) Retain or create jobs.

24 (ix) Include assistance regarding mar-
25 keting, financial management, human re-

1 sources development, and access to capital
2 (both debt and equity).

3 (J) Level of devastation to local commu-
4 nity due to Hurricane Katrina.

5 (4) GRANT REQUIREMENTS.—Each grantee
6 shall use the grant funds to establish a small busi-
7 ness incubator program, which shall make the fol-
8 lowing assistance available (on a shared or unshared
9 basis, as the grantee may determine) to businesses
10 participating in such program:

11 (A) Office space.

12 (B) Office equipment, including computers,
13 facsimile machines, photocopiers, access to tele-
14 communications services (including broadband
15 services), and manufacturing equipment.

16 (C) Administrative and technical staff.

17 (D) Training in the areas of marketing, fi-
18 nancial management, human resources, and
19 contracting.

20 (E) Assistance in obtaining loans, includ-
21 ing loans under subsection (c).

22 (F) Assistance in locating investors and
23 networking with local business organizations.

24 (G) Individualized reviews of marketing, fi-
25 nancial, and business plans, which shall occur

1 monthly for such period as the Administrator
2 may determine and quarterly thereafter.

3 (H) Legal, accounting, and marketing
4 services.

5 (I) Mentoring program with established,
6 successful, large businesses to last the duration
7 of the business' stay in the incubator.

8 (5) ADDITIONAL ASSISTANCE.—A grantee may
9 use grant funds to provide child care services to par-
10 ticipating business and any other assistance which is
11 approved by the Administrator.

12 (6) ADDITIONAL PROGRAM REQUIREMENTS.—

13 (A) PARTICIPATING BUSINESSES.—Each
14 grantee shall select the businesses which will
15 participate in the grantee's small business incu-
16 bation program. The grantee shall select busi-
17 nesses which are not yet well established or
18 were established prior to August 28, 2005, and
19 have been severely economically damaged and
20 which have the potential to be self-sustaining.
21 Each grantee shall require participating busi-
22 nesses to participate in the training described
23 in paragraph (4)(D), to submit marketing, fi-
24 nancial, and business plans and to participate

1 in the review of such plans described in para-
2 graph (4)(G).

3 (B) COOPERATIVE AGREEMENTS WITH
4 LENDERS.—Each grantee shall enter into a co-
5 operative agreement with one or more lenders
6 to provide a streamlined process by which par-
7 ticipating businesses may obtain loans, includ-
8 ing loans under subsection (c).

9 (7) ELIGIBLE ORGANIZATIONS.—For purposes
10 of this section, the term “eligible organization”
11 means any of the following that are located in a
12 Hurricane Katrina-affected area:

13 (A) An organization described in section
14 501(c)(3) of the Internal Revenue Code of 1986
15 and exempt from tax under section 501(a) of
16 such Code.

17 (B) A business league, chamber of com-
18 merce, or board of trade described in section
19 501(c)(6) of the Internal Revenue Code of 1986
20 and exempt from tax under section 501(a) of
21 such Code.

22 (C) A local development agency that is
23 chartered, established, or otherwise sanctioned
24 by a State or local government.

25 (D) A small business development center.

1 (E) A college or university.

2 (F) A unit of State or local government.

3 (9) FEDERAL COORDINATION.—The Adminis-
4 trator, in consultation with the Economic Develop-
5 ment Administration and the Minority Business De-
6 velopment Agency—

7 (A) shall undertake efforts to coordinate
8 and enhance Federal programs that relate to
9 small business incubation programs; and

10 (B) shall invite State and local govern-
11 ments, lending institutions, and other appro-
12 priate public and private organizations to serve
13 as intermediaries in outreach efforts related to
14 small business incubation programs.

15 (10) TERMINATION.—The Administrator shall
16 not make any new 5-year grants under this sub-
17 section after the end of the 180-day period begin-
18 ning on the date that funds are first made available
19 to carry out this subsection.

20 (11) REPORTS.—

21 (A) INITIAL REPORT.—One year after the
22 first grant is made under this subsection, the
23 Administrator shall transmit to the Congress a
24 preliminary report regarding the Gulf Coast In-

1 cubator Revitalization Program conducted
2 under this section.

3 (B) FINAL REPORT.—Four years after the
4 first grant is made under this subsection, the
5 Administrator shall transmit to the Congress a
6 final report regarding the Gulf Coast Incubator
7 Revitalization Program conducted under this
8 section. Such report shall include any rec-
9 ommendations of the Administrator regarding
10 ways to improve such program and the rec-
11 ommendation of the Administrator as to wheth-
12 er such program should be extended.

13 (12) AUTHORIZATION OF APPROPRIATIONS.—

14 There are authorized to be appropriated to carry out
15 this subsection \$25,000,000.

16 (c) LOAN PROGRAM.—

17 (1) IN GENERAL.—The Administrator may
18 make loans under section 7(a) of the Small Business
19 Act (15 U.S.C. 636 (a)) to small business concerns
20 participating in a small business incubation program
21 described in subsection (b).

22 (2) LOAN TERMS.—

23 (A) IN GENERAL.—Except as provided in
24 subparagraph (B), the rules which apply to
25 loans under section 7(a) of the Small Business

1 Act (15 U.S.C. 636(a)) shall apply with respect
2 to loans made under this subsection.

3 (B) SPECIAL RULES FOR DEFERRED PAR-
4 TICIPATION LOANS.—In the case of an agree-
5 ment to participate on a deferred basis in any
6 such loan—

7 (i) such participation by the Adminis-
8 tration shall be equal to 90 percent of the
9 balance of the financing outstanding at the
10 time of the disbursement of the loan;

11 (ii) the Administrator shall collect (ex-
12 cept in the case of a loan that is repayable
13 in 1 year or less) a guarantee fee, which
14 shall be payable by the participating lender
15 and may be charged to the borrower as fol-
16 lows:

17 (I) A guarantee fee equal to 0.5
18 percent of the deferred participation
19 share of a total loan amount that is
20 not more than \$150,000.

21 (II) A guarantee fee equal to 1.5
22 percent of the deferred participation
23 share of a total loan amount that is
24 more than \$150,000, but not more
25 than \$700,000.

1 (III) A guarantee fee equal to 2
2 percent of the deferred participation
3 share of a total loan amount that is
4 more than \$700,000;

5 (iii) the annual fee assessed and col-
6 lected on any such loan shall not exceed an
7 amount equal to 0.15 percent of the out-
8 standing balance of the deferred participa-
9 tion share of the loan;

10 (iv) the Administrator may make such
11 loans without regard to the ability of a
12 small business concern to obtain credit
13 elsewhere;

14 (v) the Administrator shall make such
15 loans without regard to the availability of
16 collateral to secure such loans; and

17 (vi) the Administrator may charge in-
18 terest on any such loan. Such charge may
19 not exceed a rate of 4 percent per year.

20 (3) REGULATIONS.—Not later than 120 days
21 after the date of enactment of this Act, the Adminis-
22 trator shall issue interim final rules and guidelines
23 to implement this subsection.

1 (4) AUTHORIZATION OF APPROPRIATIONS.—

2 There are authorized to be appropriated such sums

3 as may be necessary to carry out this subsection.

○